



# CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Adopt Resolution Approving Amendment to Woodbridge Irrigation District Water Purchase Agreement

**MEETING DATE:** January 16, 2008

**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** Adopt a resolution approving an amendment to the Woodbridge Irrigation District Water Purchase Agreement.

**BACKGROUND INFORMATION:** In 2003, the City entered into a water purchase agreement with Woodbridge Irrigation District (WID) to purchase a long-term water supply. The 40-year agreement provides the City with 6,000 acre-feet annually (about 1/3 of our current demand) and provides a three-year "banking" period in which water is paid for but not utilized. Banked water would be provided to the City as available during the later years of the agreement (see Agreement, Exhibit A).

As it became obvious that the City would not make use of the water within the three-year banking term, City and WID staff began discussions about extending the term. The WID Board approved a four-year extension with strong encouragement that the City construct facilities to treat and directly use the water. The City concurred and has begun the planning process for a surface water treatment facility.

City and WID staff has prepared the attached amendment to the 2003 agreement (Exhibit B) to memorialize the four-year extension and address other issues as described below. In addition, the District has been negotiating a similar water sale agreement with the City of Stockton.

The following elements are the major changes to the Agreement:

- In Section 2, WID is providing a water supply connection with their fish screen project which will allow the City to construct pumping facilities within the District's right of way in Woodbridge. This will allow for a smaller diameter (and less expensive) transmission pipe from the connection at the WID fish screen to the planned treatment plant site. It will also reduce the area needed for the facility.
- Section 3 covers availability of additional water and potential sharing with Stockton.
- Section 4 covers the extended term but also includes new provisions that strengthen renewal of the agreement in 2047.
- Section 5 provides for assurance of additional WID water should the City annex lands within the District.
- Section 6 provides more flexibility to the City to utilize the water during a dry year.
- The 2003 agreement, in Section 4(c), gives the City a first right of refusal should WID consider sale of additional water to another entity. WID and the City of Stockton have been negotiating a sale similar to the Lodi sale. The proposed amendment, in Section 7 waives that right of first

APPROVED:

Blair King, City Manager

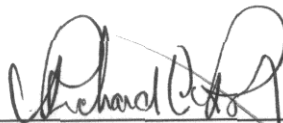
refusal. Staff feels this is appropriate as the City is not in a position to economically utilize the additional water, and the benefit of Stockton's using this surface water in lieu of groundwater will benefit the entire groundwater basin. Staff has reviewed the District's draft sale agreement with the City of Stockton. While there are some technical differences between it and Lodi's agreement, they mainly refer to delivery details to Stockton. The main portions of the agreement (price, dry-year curtailment, provisions for additional water with newly annexed land) are identical to the Lodi agreement as revised.

- Section 8 extends the "bank" by four years, to a total of 42,000 acre-feet (from three years/ 18,000 acre-feet).
- Section 9 clarifies use of WID right-of-way.
- Section 10 provides that the District may install water quality improvements at the City's pump stations, to the City's approval.

Staff has also reviewed both agreements with attorney Dan O'Hanlon, who has been advising the City on water rights issues. Overall, staff believes the amendment, and the District's sale to Stockton, are good for overall management of the groundwater basin and our limited water resources.

**FISCAL IMPACT:** None

**FUNDING AVAILABLE:** Not applicable

  
\_\_\_\_\_  
Richard C. Prima, Jr.  
Public Works Director

RCP/pmf

Attachments

cc: Anders Christensen, Woodbridge Irrigation District  
Dan O'Hanlon, KMTG  
Wally Sandelin, **Deputy** Public **Works** Director/City Engineer  
**Charlie** Swimley, Water Services Manager

## AGREEMENT FOR PURCHASE OF WATER FROM THE WOODBIDGE IRRIGATION DISTRICT BY THE CITY OF LODI

This Agreement is made and entered into between Woodbridge Irrigation District and the City of Lodi, adjoining entities located within the County of San Joaquin, State of California, this 13<sup>th</sup> day of May 2003.

### Background Recitals.

a. The City of Lodi obtains its municipal water supply from wells located within the City, extracting the water from the underground aquifer, which is replenished in part by flows of the Mokelumne River. Lodi desires to acquire a supplemental surface water supply to avoid being wholly dependent upon the wells and the possible impacts of eventual overdraft of the groundwater supply.

b. Woodbridge Irrigation District (District or WID) is an irrigation district that is organized and existing under Division 11 of the California Water Code (Sections 20,500 et seq). The District is located immediately west of the City of Lodi and immediately north of the City of Stockton. The District diverts water from the Mokelumne River at Woodbridge Dam, located in the NE 1/4 of the SE 1/4 of Section 34, Township 4 N, Range 6 E, MDBM, for irrigation of a net area of 19,370.3 acres within a gross area of 40,441.77 acres and located within Townships 2 N, 3 N, 4 N and 5 N, Ranges 5 E, 6 E and 7 E, MDBM.

c. The District diverts its water supply from the Mokelumne River under pre-1914 appropriative rights for the diversion of water up to 300 cubic feet per second (cfs). The District's pre-1914 rights are overlapped by the District License No. 5945 for the appropriation of 300 cfs per annum from February 1 to October 31 for irrigation use, supplemented by License No. 8214 for the diversion of an additional 114.4 cfs from May 1 to August 31 of each year and from November 1 of each year to January 31 of the succeeding year. The combined rights under the two Licenses together with the District's pre-1914 rights are limited to a maximum diversion of 414.4 cfs.

d. The District, following the East Bay Municipal Utility District's (EBMUD) building of the Pardee and Camanche Reservoirs on the Upper Mokelumne River, entered into Agreements with EBMUD in 1938 after Pardee's completion and again in 1965 after the completion of Camanche, which acknowledged the priority of some of the District rights to the EBMUD rights, and under which agreements EBMUD releases a Regulated Base Supply of water each year from Camanche Reservoir for diversion by the District at Woodbridge Dam for irrigation use.

e. The District's demand for water from the Mokelumne River under its water rights has begun to diminish by reason of the District's water conservation programs, including the conversion of field furrow and flood irrigation methods of application to water applied by drip irrigation and micro-sprinklers, which reduce the amount of applied water for crops. There has also been a reduction in the delivery of irrigation water by reason of the number of irrigated acres being reduced as a result of urbanization of District lands.

f. By reason of the anticipated reductions in water usage within the District, the District has determined that it will have surplus water in certain amounts available under its water entitlements from the Mokelumne River, and the water that would be delivered to the City by this Agreement is surplus to the current needs of the landowners and water users within the District as required by Section 22259 of the Water Code. The District's South Main Canal traverses the westerly portion of the City of Lodi, and the District could deliver water diverted from the Mokelumne River under its water rights to Lodi at a mutually agreeable location along the District Canal System.

g. The water is diverted by the District at Woodbridge Dam, with diversions being facilitated during the irrigation season by the installation of flashboards in the Dam. The flashboards are removed after the end of the irrigation season for Dam maintenance and Dam safety. When the flashboards are in place, water backs up into Lodi Lake and the City's Lodi Park Lake. The Lake is used for fishing, boating and recreational purposes by inhabitants of the City, and its presence during the summer months is an enhancement to the City's Lodi Park Lake. During the periods that the flashboards are not in the Dam, the Lake level is lowered and its utility for fishing, recreation and boating is reduced.

h. Because of its age, it is necessary for the District to replace the existing Woodbridge Diversion Dam in order to provide greater security and protection against dam failure. In doing so, and in reliance on this Agreement, the District intends, subject to any requirements of the Division of Safety of Dams, that the replacement dam structure will be designed and constructed so that water can be impounded behind the dam year round. The estimated cost for replacement of the Dam and appurtenances is approximately \$20,000,000.

i. The City of Lodi desires to contract with the District for the purchase of water from the District for use within the City service area, for which the City will pay on the basis and pursuant to the conditions hereinafter set forth.

**NOW, THEREFORE, WOODBRIDGE IRRIGATION DISTRICT  
(DISTRICT) AND THE CITY OF LODI (CITY) AGREE AS FOLLOWS:**

1. Water to be Made Available to City, and Payment. Beginning in the calendar year which first follows the entry of a final judgment confirming the validity of this Agreement pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, and continuing through the term of this Agreement, the District shall make available to the City out of its Regulated Base Supply under its Agreement with EBMUD, 6,000 acre feet per annum under the terms and conditions herein set forth. In consideration thereof, the City will pay the District annually the sum of ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000.) Payments thereon of \$300,000 quarterly are due and payable in advance beginning on the first day of each calendar quarter, commencing on the first day of the calendar year which follows said entry of a final judgment confirming the validity of this Agreement. Said payments shall be made irrespective of whether the City takes the water made available to it under this Agreement and irrespective of whether the District has water available for delivery to the City, provided that the District shall make its best efforts to provide to the City the amounts of water provided for in this Agreement.

Prior to the commencement of the first full calendar year following the entry of said final judgment, i.e., in the year in which the entry of the final judgment occurs, the City shall make quarterly payments to the District of \$300,000 on the first day of each calendar quarter in that year which follows the entry of the final judgment by more than thirty days, in consideration for which one-fourth of 6,000 acre feet of water shall be made available to the City in the that initial year for each calendar quarter for which such payment is made. Any of such water which is not taken by City in that initial year shall be included as a part of the 18,000 acre feet of carryover water which the City may take at a later date as provided for in paragraph 6a. hereof.

2 Construction of New Dam by Woodbridge. The District has secured the required permits from the Federal and State agencies and the necessary environmental clearances for the construction of a new Woodbridge Dam to replace the existing Dam together with appurtenant facilities, and the District will proceed with construction as soon as is feasible utilizing the revenues to be paid under this Agreement to finance a portion of the costs of the project.

3. Point of Delivery and Time of Delivery. The District agrees to deliver the water to the City at a point or points on the District's Canal at a mutually agreeable location or locations, to be determined at a later date. The water will be delivered during the period from March 1 through October 15. The City shall construct at its sole cost and expense the facilities needed to measure and take delivery of water from the District Canal, and the design, construction and operation thereof shall be approved by the District. The City will be responsible for all costs of operation, repair, maintenance and replacement of such facilities. The measurement facilities shall be recalibrated annually at the City's

expense as requested by the District and the District shall have a continuing right to test the accuracy of such facilities.

a. The City shall provide the District, by January 1 of each year, an estimate of the maximum amount of water anticipated to be needed by the City during each month of that year from March 1 through October 15, which scheduling will be subject to the District's approval. The District will supply such water on said approved monthly schedule pursuant to and as limited by the terms, conditions and limitations of this Agreement; provided that the City shall to the extent that its operations will permit, schedule the taking of as much of its entitlement to water from the District that year prior to July 1 as is feasible, but in any event not less than 3,000 acre feet.

b. At such times as it is possible for the District to deliver water during the remaining months of the year, or to deliver water in excess of 6,000 acre feet during the period from March 1 through October 15, then by mutual agreement of the parties, delivery of such water to the City may be made by the District. The City shall pay the District \$100 per acre foot for any such additional water delivered to the City.

c. The water furnished by the District under this Agreement shall be used or furnished by the City only for domestic, municipal, industrial, irrigation and other beneficial uses.

d. The District further agrees that it will, during the term of this Agreement at the City's request, divert from the Mokelumne River at the District's Woodbridge Dam and wheel and convey through the District's canal system to the City's delivery point(s), any non-District water acquired by or available to the City, subject to the District having available capacity for that purpose and subject to the City paying a per-acre-foot charge in an amount which the District determines to be its costs for such service. The District's cost for such service in year 2003 would be \$20 per acre-foot.

e. Commencing on January 1 of the seventh year following the year in which execution of this Agreement occurs, the amounts payable to the District under paragraph 1, and the amounts payable to the District under subparagraphs 2.b. and 2.d., shall be increased by two percent per year above the amounts payable during the preceding calendar year. In the event that the annual change in the Consumer Price Index (CPI-W, unadjusted U.S. average) published in December of each year by the United States Bureau of Labor Statistics, commencing in December in the year preceding such seventh year, has increased more than two (2) percent above the December Index of the prior year, the increases in the amounts payable in the ensuing year shall be in the percentage of that increase; provided that any such annual increase shall not exceed five percent (5%).

f. The payments by the City to the District under this Agreement shall be deemed to include the payment during the term of the Agreement of all District groundwater recharge fees on parcels within the City of Lodi which are also located within the boundary of the District.

**4. Term of Agreement.** (a) This Agreement shall be effective from the date of execution hereof, and shall remain in effect for a term of forty (40) years from said date.

(b) Upon receipt by the District of written notice and request for renewal from the City at least two years in advance of the termination of the Agreement, the District agrees to negotiate with the City for a renewal of this Agreement for an additional forty (40) year term, on terms and conditions that are reasonable and equitable and which are satisfactory to the District.

(c) The District agrees that it will not enter into any agreement during the initial term of this Agreement to provide water to others outside of the District except upon terms which provide that such supply shall be subordinate to the City's rights to be furnished water under this Agreement (except as the City may otherwise specifically agree to). The parties may contract for the delivery of additional amounts of water that may become available upon terms mutually agreeable to the parties. The City shall have a first right of refusal to purchase any water which the District agrees during the initial term of this Agreement to provide to any other purchaser, upon the same terms and conditions provided in such other proposed sale of water.

**5. City Payments to be Made from City's Water System Revenues.** The City shall make payments under this Agreement solely from the Revenues of, and as an operating expense of, the Lodi Municipal Water System. The City hereby pledges the Revenues to the payments required hereunder. Nothing herein shall be construed as prohibiting the City from using any other funds and revenues for purposes of satisfying any provisions of this Agreement. So long as the City is in compliance with all of its obligations hereunder, such pledge shall not prevent its application of Revenues to other operating expenses of the Lodi Municipal Water System or, subject to the payment of such operating expenses, to other lawful purposes, or impair the rights of any recipient of Revenues lawfully so applied.

"Revenues" means "all gross income and revenue received or receivable by the City from the ownership and operation of the Lodi Municipal Water System, which gross income and revenue shall be calculated in accordance with generally accepted accounting principles, including all rates, fees, and charges received by the City for water service and connection and hook-up fees and all other income and revenue howsoever derived by the City from the ownership and operation of or arising from the Lodi Municipal Water System, but excluding in all cases any proceeds or taxes and any refundable deposits made to establish credit,

federal or state grants, or advances or contributions in aid of construction".

"Lodi Municipal Water System" means "the municipal water system of the City existing on the effective date of this Agreement and all additions, betterments, extensions and improvements thereto hereafter acquired or constructed".

6. City Cooperation in District's Funding of Reconstruction of Woodbridge Dam.

The City agrees to cooperate with District in connection with any financing undertaken by District in connection with the reconstruction of the Woodbridge Diversion Dam and to provide to District such certificates, statements and information as District shall reasonably require in connection with such financing, including, without limitation, information relating to the Lodi Municipal Water System and the Revenues, and to provide such information as may be reasonably required in connection with the continuing disclosure undertaking to be entered into by the City pursuant to Rule 15c2-12(b)(5) of the Securities Exchange Commission in connection with the District financing.

7. No Permanent Water Right, and Dry Year Curtailments. The District has determined that the water to be made available annually for delivery to the District pursuant to this Agreement will be surplus to the needs of the District during the term of this Agreement. The parties further agree that no permanent right to the water supplied by the District shall accrue to the City except pursuant to and as limited by the terms of this Agreement.

a. The District agrees that it will deliver up to 6,000 acre feet per annum to the City under this Agreement except to the extent that the District's Regulated Base Supply of 60,000 acre feet under its Agreements with East Bay Municipal Utility District is reduced in dry years by thirty-five (35) percent. In the event of such a reduction, the District may reduce the amount of water to be provided under this Agreement by up to fifty percent (50%). District shall on or about May 1 of each year make a preliminary estimate of whether the City's deliveries may be curtailed that year, and will provide a final estimate of any curtailment on or about July 1. In such event, the City shall only be obligated to take 50% of its estimated delivery before July 1 in that year. There shall be no reduction in the amount of the City's annual payment to the District in such years under paragraph 1.

b. Except for noncompliance with the foregoing provisions of this paragraph, the City shall have no claim for damages or breach arising from the unavailability of surplus water from the District for any cause or condition.

8. Carryover of Entitlements. Unused water may not be carried over by the City



from year to year except that the right to receive water may be “banked,” as follows:

a. If during the first three years in which the water is available to the City under this Agreement, the City does not take the water or takes less than the amounts which are available, then the City may carry over and have credit for the water not taken, not to exceed a total of 18,000 acre feet, for later delivery during the initial 40-year term of this Agreement, at such times as the District has extra water available as determined solely by the District. There will be no additional charge for the delivery of such banked water.

b. If after said initial three years delivery of water to the City is curtailed under paragraph 7.a. by reason of a dry year condition or by District’s maintenance or other District activities, then the City may carry over and have credit for the amount of such curtailment for later delivery at such time(s) as the District has extra water available as determined by the District. Any City credits for curtailed segments of carryover water shall expire at the end of eight (8) years from the end of the period in which the curtailment for that segment of curtailed water occurred. Such credits for the delivery of curtailed carryover water within said eight-year period may extend beyond the termination of this Agreement. There will be no additional charge for the delivery of such banked water.

c. Except as provided in subparagraph a, no credits shall accrue for water that is available to but is unused by the City.

9. Water Quality, Temporary Interruptions, and Responsibility for the Water Beyond Point of Delivery.

a. The water being supplied to the City is raw water diverted from the Mokelumne River, and the character or quality of the water furnished hereunder may vary from time to time. District does not guarantee in any respect the character or quality of the water furnished pursuant to this Agreement, provided that the District shall not apply or use any chemicals within the Canal section used to deliver water to the City that the City determines to be deleterious to the quality of the water for the uses made by the City of such water.

b. It is agreed that there may be, in addition to shortages of water, temporary discontinuance or reduction of water to be furnished for the City as herein provided, for purposes of investigation, inspection, maintenance, repair or replacement as may be necessary of any of the facilities used by the District for furnishing water to the City. The District agrees to provide the City notice of such temporary discontinuance or reduction of water as soon as such information is available to the District.

c. The City shall hold the District harmless from and defend the District from all claims or expenses on account of damage or claim of damage of any nature whatsoever from which there is legal responsibility, including property damage, personal injury or death, arising out of or connected with the delivery, control, carriage, handling, use, or disposal or distribution of water furnished hereunder beyond the point of delivery of water into the City's system from the District's Canal.

10. Right of Termination for Unacceptable Conditions in Validation Judgment.

In the event that the court in the validation action enters a judgment validating the Agreement but upon conditions or restrictions which impose upon either party costs, requirements, obligations, or limitations in their performance of the agreement or upon their operations or property interests which in that party's judgment are unacceptable or otherwise not in the best interests of that party, that party shall have the right to terminate this Agreement, and in that event neither party shall have any further liability or obligation to the other party hereunder.

11. Arrearage in Payments. No water shall be furnished to the City during any period in which the City may be in arrears in payment of charges accruing hereunder after the determination on the amount thereof as above provided. Interest on arrearage in payment shall be charged at a rate of 1-1/2% per month and compounded monthly, commencing 45 days after the due date of the payment.

12. Assignment. The provisions of this contract shall apply to and bind the successors and assigns of the respective parties hereto; but no assignment or transfer of this contract or any part thereof or interest therein by the City shall be valid unless and until approved in writing by the District; and no assignment of the obligation to provide or deliver the water shall be assignable by the District without the consent of the City.

13. Fees and Costs. Any fees, costs or expenses, including attorney fees, administrative costs, and consultant fees, incurred by the District to effect the sale of water to the City, together with CEQA and any other regulatory approval, shall be paid by District and City on a 50/50 basis. The City shall not be required to contribute to any fees or costs incurred by District relating to other issues or disputes that may arise in any of said proceedings not directly relating to City's use of District water. District shall provide to City invoices and accountings of said fees and expenses on a regular basis.

14. City Use of District Rights of Way. The District agrees to cooperate with City and to agree to the City's use of any District right of way along the District's Main Canal needed by the City for the conveyance or distribution of water it obtains from the District.

15. CEQA. The parties agree that the District will be Lead Agency for purposes of

compliance with any requirements of the California Environmental Quality Act pertaining to the execution of this Agreement by each party.

16. Entire Agreement. This Agreement contains the full and entire Agreement of the parties and there are no other conditions, either explicit or implied, nor any warranties or promises other than those contained within the written terms of this Agreement.

17. Time of the Essence. Time is of the essence in the performance of this Agreement.

18. Nonwaiver. The failure of either party to enforce or abide by a term or condition of this Agreement shall not constitute a waiver of that term or condition unless a written Agreement is prepared specifically providing for the waiver or forgiveness of that term and such Agreement is executed by each party hereto.

19. Date of Execution. The date of execution of this Agreement is the date of execution by the party last signing the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the 13<sup>th</sup> day of May, 2003.

WOODBIDGE IRRIGATION DISTRICT

By Willie Lee

Attest:

Allen Christensen

CITY OF LODI, A MUNICIPAL CORPORATION

By Susan Hitchcock  
Susan Hitchcock, Mayor

Attest:

Susan J. Blackston  
Susan J. Blackston, City Clerk

APPROVED AS TO FORM:

Randall A. Hays  
Randall A. Hays, City Attorney

4/16/03

1.7.08

**FIRST AMENDMENT TO AGREEMENT  
FOR PURCHASE OF WATER FROM WOODBRIDGE  
IRRIGATION DISTRICT BY CITY OF LODI**

This First Amendment to the May 13, 2003 Agreement for Purchase of Water from the Woodbridge Irrigation District by the City of Lodi is entered into by the parties this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

WHEREAS, the parties entered into an Agreement for Purchase of Water from the Woodbridge Irrigation District by the City of Lodi on May 13, 2003 ("2003 Agreement") providing that Woodbridge Irrigation District (District) would provide 6,000 acre feet of water per year to the City of Lodi (City), subject to dry year curtailments and the City's ability to take the water, under the terms set forth in the 2003 Agreement, for a period of forty (40) years (until May 13, 2043); and

WHEREAS, Section 8.a of the 2003 Agreement allowed the City to bank up to 18,000 acre feet of unused water during the initial three years under the 2003 Agreement, to allow the City time to develop its plans for utilization of such water, ~~which initial three years expired on May 13, 2006;~~ and

WHEREAS, the City has taken more time than anticipated to study alternative methods of using the water provided by the District, including groundwater recharge or by direct use after treatment, and consistent with the District's recommendation, the City has determined that its preferred alternative is to construct treatment works and deliver the treated water to the City's customers, but the City has not yet finalized its plans for utilizing the 6,000 acre-feet of water per year made available under the 2003 Agreement; and

WHEREAS, City expects to commence using the water purchased under the 2003 Agreement within the next four years, and the City has requested that the term of the 2003 Agreement for the purchase of the water from the District be extended for approximately four years, to October 15, 2047, and that it also be allowed until October 15, 2047 to bank any unused water under the Agreement for later usage; and

WHEREAS, the District is also currently negotiating and agreement with the City of Stockton for the sale of surplus water of the District to Stockton, and it is necessary to make some changes to the District's 2003 Agreement with Lodi so that the contract rights to the two Cities will not be in conflict with each other;

**NOW, THEREFORE, THE CITY OF LODI AND THE WOODBRIDGE  
IRRIGATION DISTRICT AGREE AS FOLLOWS:**

1. The final sentence of Section 1 of the 2003 Agreement is amended to read as follows:

Any of such water which is not taken by the City in that initial year shall be

included as a part of the 18,000 acre feet of carryover water which the City may take at a later date as provided for in paragraph ~~6.a.~~ 8 hereof.

2. The first sentence of Section 3 is amended to read as follows:

The District agrees to deliver the water to the City at the location of the District's new fish screen at the Main Canal Intake Headworks at \_\_\_\_\_ Lower North Lower Sacramento Road, Woodbridge, and also at any a-mutually agreeable location or locations on the District's Canal that may ~~to~~ be determined at a later date.

3. Subsection b of Section 3 is amended to read as follows:

b. At such times as it is possible for the District to deliver water during the remaining months of the year, or to deliver water in excess of 6,000 acre feet during the period from March 1 through October 15, then by mutual agreement of the parties, delivery of such water to the City may be made by the District. The City shall pay the District \$100 per acre foot for any such additional water delivered to the City. The determination of whether any such water is available for delivery shall be made solely by the District. In the event that both the City of Lodi and the City of Stockton request any such available water during the same period(s) that the water can be delivered, the water shall be apportioned between them if necessary in the manner and times that they shall agree upon. In the event they do not agree, such water shall be apportioned between them by the District in the ratio of 50/50, or one-half to each; provided that, if such apportionment would result in either party losing any deficiency curtailment water banked to the credit of that party because of non-use within the required eight-year period under Section 8.b., that party shall have a first right to such portion of the available water that will avoid such loss.

4. Sections 4(a) and 4(b) of the 2003 Agreement ("Term of Agreement") are amended to read as follows:

4.(a) This Agreement shall be effective from the date of execution hereof, and shall remain in effect ~~for a term of forty (40) years from said date~~ until October 15, 2047, unless extended. Payment by the City for the water made available by the District during the four-year extension under this Amendment, i.e., until October 15, 2047, will continue to be on the same terms as provided in Section 1 of the 2003 Agreement, to wit, the basic payment of \$1,200,000 per year as escalated annually commencing on January 1, 2010, as provided in Section 3.e of the 2003 Agreement.

4.(b) Upon receipt by the District of a written notice and request for renewal from the City at least two years in advance of the termination of the Agreement, the District agrees to ~~negotiate with the City for a renewal of~~ renew this Agreement for an additional forty (40) year term, on terms and conditions that are

reasonable and equitable, and which are satisfactory to the District, provided that the price for the water upon renewal will be at the then fair market value of the water, but not less than the price being paid by Lodi under the 2003 Agreement (said new price to also be adjusted thereafter in accordance with the CPI formula in the existing Agreement).

5. A new Section 4.1 is added to the 2003 Agreement as follows:

4.1. Right to Purchase Additional Water. The City shall have the further right during the initial term of this Agreement to buy up to an additional 6,000 acre-feet of water from the District based upon the annexation of additional lands within the District to the City of Lodi after the completion and commencement of operation of the City's new Water Treatment Plant, and which as a result of such annexation will be taken out of agricultural production, as follows. For each acre of land so annexed after such date which is now zoned agricultural and which has been irrigated with District water:

- and for which a tentative subdivision map is approved for such acreage for use other than agriculture,
- and which is to be served a water supply by the City of Lodi's utility water system,

the City will be entitled to purchase an additional 3.0 acre-feet of water per such acre from the District, on the same terms and subject to the same conditions herein applicable to the 6,000 acre-feet under this Agreement.

6. Section 7.a. of the 2003 Agreement is amended to read as follows:

a. The District agrees that it will deliver up to 6,000 acre feet per annum to the City under this Agreement except to the extent that the District's Regulated Base Supply of 60,000 acre feet under its Agreements with East Bay Municipal Utility District is reduced in dry years by thirty-five (35) percent. In the event of such a reduction, the District may reduce the amount of water to be provided under this Agreement by up to fifty percent (50%). District shall on or about May 1 of each year make a preliminary estimate of whether the City's deliveries may be curtailed that year, and will provide a final estimate of any curtailment on or about July 1. In such event, the City shall only be obligated to take ~~50%~~ 35% of its estimated delivery before July 1 in that year. There shall be no reduction in the amount of the City's annual payment to the District in such years under paragraph 1.

7. A new Section 7.1 is added to the 2003 Agreement, as follows:

Section 7.1. Lodi acknowledges that District is negotiating with the City of Stockton to sell a base supply of ~~approximately 6,500~~ of water to the City of Stockton, at a price per acre-foot which is approximately the same price as provided in the District's May 13, 2003 Agreement with Lodi. The delivery of

the 6,500 acre-feet of water to Stockton shall be subordinate to Lodi's right to receive its 6,000 acre-feet of water, provided that:

- a. Lodi waives and will not exercise, under the last sentence of paragraph 4(c) of the 2003 Agreement, its right of first refusal to purchase the 6,500 acre-feet of water being sold to Stockton; that
- b. The delivery of the 6,500 acre-feet of water to Stockton, and Stockton's right to purchase additional water based upon the future annexation of agricultural lands within the District to Stockton, shall take precedence over Lodi's rights to purchase additional water under paragraph 3.b; and
- c. Lodi's right to receive banked water under paragraph 8 of the 2003 Agreement will be on a parity with the right of Stockton to receive banked water under its Stockton's agreement with Woodbridge, i.e., in the event both Cities want to withdraw more banked water than is available that year, such water will be allocated one-half to each unless they agree on another allocation, as provided in the new subsection c added to paragraph 8.

8. Section 8 is amended as follows:

8. .Carryover of Entitlements. Unused water may not be carried over by the City from year to year except that the right to receive water may be "banked" as follows:

- a. ~~If during the first three years in which the water is available to the City under this Agreement period from May 13, 2003 to October 15, 2010,~~ the City does not take the water which is available to the City under this Agreement or takes less than the amounts which are available, then the City may carry over and have credit for such water not taken during that period, not to exceed a total of ~~18,000 acre-feet, 6,000 acre feet per year or a total of 42,000 acre feet,~~ for later delivery during the ~~40-year~~ remaining term of this Agreement, i.e., until October 15, 2047, at such times as the City requests delivery of the water and the District has extra water available as determined solely by the District. There will be no additional charge for the delivery of such banked water.
- b. ~~If after said initial three years, October 15, 2010 ,~~ delivery of water to the City is curtailed under paragraph 7.a. by reason of a dry year condition or by District's maintenance or other District activities, then the City may carry over and have credit for the amount of such curtailment for later delivery at such time(s) as the City requests delivery of the water and the District has extra water available as determined solely by the District. Any City credits for curtailed segments of carryover water shall expire at the end of eight (8) years from the end of the period in which the curtailment for that segment of curtailed water occurred. Such credits for delivery of curtailed carryover water within said eight-year period may extend beyond the termination of this Agreement on October 15, 2047. There will be no additional charge for delivery of such banked water.

- c. The determination of whether any such banked water or curtailment water is available for delivery shall be made solely by the District. In the event that both the City and the City of Stockton request such water during the same period(s) that water is available for delivery, the water shall be apportioned between them if necessary in the manner and times that they shall agree upon. In the event they do not agree, such water shall be apportioned between them by the District in the ratio of 50/50 or one-half to Lodi and one-half to Stockton.; provided that, if such apportionment would result in either party losing any deficiency curtailment water banked to the credit of that party because of non-use within the required eight-year period under Section 8.b., that party shall have a first right to such portion of the available water that will avoid such loss.
- e. d. Except as provided in subparagraph a, no credits shall accrue for water that is available to but is unused by the city.,
9. Section 14 of the 2003 Agreement is amended to read as follows:
14. City Use of District Rights of Way. The District agrees to cooperate with City and to agree to the City's use of any District right of way along the District's Main Canal needed by the City for the conveyance or distribution of water it obtains from the District, provided that such use does not interfere with District's use of its right of way and that District's right of way permits such use by City. The District agrees that City may continue any such use of the right of way established during the term of this Agreement after the term of this Agreement expires.
10. Section 14.a. is added to the 2003 Agreement as follows:
- 14.a. District Installation of Quality Control Structures on City's Storm Water Discharge Locations. Under the City's October 20, 1993 Storm Drainage Discharge Agreement with the District, City has the right to discharge into District canals, waters collected by the City's storm drainage system (excluding industrial waste and sewage effluent), under the terms and conditions set forth in said Agreement. District shall be entitled at its option to construct or install from time to time at convenient locations on the City's property at or near any of the City's stormwater discharge points into the District's canal system, and to operate and maintain, at the District's cost, filtration/sedimentation structures or other water quality control or improvement devices at said point(s), subject to the City's prior approval the plans and specifications for such installations, which approval shall not be unreasonably withheld. Nothing herein shall alter City's obligations under said Agreement with respect to the quality of the storm waters and storm drainage into the District's Canals, and all provisions thereof shall continue in full force and effect.
- ~~10.11.~~ All terms and provisions of the 2003 Agreement remain in full force and effect, except as they are expressly amended or modified by this First Amendment to



Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the \_\_\_\_\_ day of \_\_\_\_\_, 2007.

Attest:

WOODBIDGE IRRIGATION DISTRICT

By \_\_\_\_\_

\_\_\_\_\_

Attest:

CITY OF LODI, A MUNICIPAL CORPORATION

By \_\_\_\_\_

\_\_\_\_\_, City Clerk

\_\_\_\_\_, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_, City Attorney

866109.1

RESOLUTION NO. 2008-\_\_\_\_\_

A RESOLUTION OF THE LODI CITY COUNCIL  
APPROVING AMENDMENT OF WATER SALE  
AGREEMENT BETWEEN WOODBRIDGE IRRIGATION  
DISTRICT AND THE CITY OF LODI

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby  
find that CEQA review of the Amendment is not required because there is no potential of  
a significant effect on the environment, and therefore approves the amendment to the  
Water Sale Agreement between Woodbridge Irrigation District and the City of Lodi, as  
shown on Exhibit A attached hereto

Dated: January 16, 2008

=====

I hereby certify that Resolution No. 2008-\_\_\_\_\_ was passed and adopted by the  
City Council of the City of Lodi in a regular meeting held January 16, 2008, by the  
following vote:

AYES: COUNCIL MEMBERS -

NOES: COUNCIL MEMBERS -

ABSENT: COUNCIL MEMBERS -

ABSTAIN: COUNCIL MEMBERS -

RANDI JOHL  
City Clerk

2008-\_\_\_\_\_

RESOLUTION NO. 2008-08

A RESOLUTION OF THE LODI CITY COUNCIL  
APPROVING AMENDMENT OF WATER SALE  
AGREEMENT BETWEEN WOODBRIDGE IRRIGATION  
DISTRICT AND THE CITY OF LODI

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby find that California Environmental Quality Act review of the Amendment is not required because there is no potential of a significant effect on the environment and, therefore, approves the amendment to the Water Sale Agreement between Woodbridge Irrigation District and the City of Lodi, as shown on Exhibit A attached hereto.

Dated: January 16, 2008

=====

I hereby certify that Resolution No. 2008-08 was passed and adopted by the City Council of the City of Lodi in a regular meeting held January 16, 2008, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Katzakian, and Mayor Mounce

NOES: COUNCIL MEMBERS – Hitchcock and Johnson

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
RANDI JOHL

City Clerk

**FIRST AMENDMENT TO AGREEMENT  
FOR PURCHASE OF WATER FROM WOODBRIDGE  
IRRIGATION DISTRICT BY CITY OF LODI**

This First Amendment to the May 13, 2003 Agreement for Purchase of Water from the Woodbridge Irrigation District by the City of Lodi is entered into by the parties this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

WHEREAS, the parties entered into an Agreement for Purchase of Water from the Woodbridge Irrigation District by the City of Lodi on May 13, 2003 ("2003 Agreement") providing that Woodbridge Irrigation District (District) would provide 6,000 acre feet of water per year to the City of Lodi (City), subject to dry year curtailments and the City's ability to take the water, under the terms set forth in the 2003 Agreement, for a period of forty (40) years (until May 13, 2043); and

WHEREAS, Section 8.a of the 2003 Agreement allowed the City to bank up to 18,000 acre feet of unused water during the initial three years under the 2003 Agreement, to allow the City time to develop its plans for utilization of such water; and

WHEREAS, the City has taken more time than anticipated to study alternative methods of using the water provided by the District, including groundwater recharge or by direct use after treatment, and consistent with the District's recommendation, the City has determined that its preferred alternative is to construct treatment works and deliver the treated water to the City's customers, but the City has not yet finalized its plans for utilizing the 6,000 acre-feet of water per year made available under the 2003 Agreement; and

WHEREAS, City expects to commence using the water purchased under the 2003 Agreement within the next four years, and the City has requested that the term of the 2003 Agreement for the purchase of the water from the District be extended for approximately four years, to October 15, 2047, and that it also be allowed until October 15, 2047 to bank any unused water under the Agreement for later usage; and

WHEREAS, the District is also currently negotiating an agreement with the City of Stockton for the sale of surplus water of the District to Stockton, and it is necessary to make some changes to the District's 2003 Agreement with Lodi so that the contract rights to the two Cities will not be in conflict with each other;

**NOW, THEREFORE, THE CITY OF LODI AND THE WOODBRIDGE  
IRRIGATION DISTRICT AGREE AS FOLLOWS:**

1. The final sentence of Section 1 of the 2003 Agreement is amended to read as follows:

Any of such water which is not taken by the City in that initial year shall be included as a part of the 18,000 acre feet of carryover water which the City may

take at a later date as provided for in paragraph 8 hereof.

2. The first sentence of Section 3 is amended to read as follows:

The District agrees to deliver the water to the City at the location of the District's new fish screen at the Main Canal Intake Headworks at \_\_\_\_\_ Lower North Lower Sacramento Road, Woodbridge, and also at any mutually agreeable location or locations on the District's Canal that may be determined at a later date.

3. Subsection h of Section 3 is amended to read as follows:

b. At **such** times as it is possible for the District to deliver water during the remaining months of the year, or to deliver water in excess of 6,000 acre feet during the period from March 1 through October 15, then by mutual agreement of the parties, delivery of such water to the City may be made by the District. The City shall pay the District \$100 per acre foot for any such additional water delivered to the City. The determination of whether any such water *is* available for delivery shall be made solely by the District. In the event that both the City of Lodi and the City of Stockton request any such available water during the same period(s) that the water *can* be delivered, the water shall be apportioned between them if necessary in the manner and times that they shall agree **upon**. In the event they do not agree, such water shall be apportioned between them by the District in the ratio of 50/50, or one-half to each; provided that, if such apportionment *would* result in either party losing any deficiency curtailment water banked to the credit of that party because of non-use within the required eight-year period under Section 8.b., that party shall have a first right to such *portion* of the available water that will avoid such loss.

4. Sections 4(a) and 4(b) of the 2003 Agreement ("Term of Agreement") are amended to read as follows:

4.(a) This Agreement shall be effective from the date of execution hereof, and shall remain in effect until October 15, 2047, unless extended. Payment by the City for the water **made** available **by** the District during *the* four-year extension under this Amendment, i.e., until October 15, 2047, will continue to be on the same terms as provided in Section 1 of the 2003 Agreement, *to wit*, the basic payment of \$1,200,000 per year as escalated annually commencing on January 1, 2010, as provided in Section 3.e of the 2003 Agreement.

4.(b) Upon receipt by the District of a written notice and request for renewal from the City at least two years in **advance** of the **termination** of the Agreement, the District agrees to renew *this* Agreement for an additional forty (40) year term, on terms and conditions that are reasonable and equitable, **provided** that the price for the water upon renewal **will** be at the then fair market value of the water, but not less than the price being paid by Lodi **under** the 2003 Agreement (*said new price to also be adjusted thereafter in accordance with the CPI formula in the existing Agreement*).

5 A new Section 4.1 is added to the 2003 Agreement as follows:

4.1. Right to Purchase Additional Water. The City shall have the further right during the initial term of this Agreement to buy up to an additional 6,000 acre-feet of water from the District based upon the annexation of additional Lands within the District to the City of Lodi after the completion and commencement of operation of the City's new Water Treatment Plant, and which as a result of such annexation will be taken out of agricultural production, as follows. For each acre of land so annexed after such date which is now zoned agricultural and which has been irrigated with District water:

- and for which a tentative subdivision map is approved for such acreage for use other than agriculture.
- and which is to be served a water supply by the City of Lodi's utility water system,

the City will be entitled to purchase an additional 3.0 acre-feet of water per such acre from the District, on the same terms and subject to the same conditions herein applicable to the 6,000 acre-feet under this Agreement.

6. Section 7.a. of the 2003 Agreement is amended to read as follows:

a. The District agrees that it will deliver up to 6,000 acre feet per annum to the City under this Agreement except to the extent that the District's Regulated Base Supply of 60,000 acre feet under its Agreements with East Bay Municipal Utility District is reduced in dry years by thirty-five (35) percent. In the event of such a reduction, the District may reduce the amount of water to be provided under this Agreement by up to fifty percent (50%). District shall on or about May 1 of each year make a preliminary estimate of whether the City's deliveries may be curtailed that year, and will provide a final estimate of any curtailment on or about July 1. In such event, the City shall only be obligated to take 35% of its estimated delivery before July 1 in that year. There shall be no reduction in the amount of the City's annual payment to the District in such years under paragraph 1

7. A new Section 7.1 is added to the 2003 Agreement, as follows:

Section 7.1. Lodi acknowledges that District is negotiating with the City of Stockton to sell a base supply of 6,500 of water to the City of Stockton, at a price per acre-foot which is approximately the same price as provided in the District's May 13, 2003 Agreement with Lodi. The delivery of the 6,500 acre-feet of water to Stockton shall be subordinate to Lodi's right to receive its 6,000 acre-feet of water, provided that:

- a. Lodi waives and will not exercise, under the last sentence of paragraph 4(c) of the 2003 Agreement. its right of first refusal to purchase the 6,500 acre-feet of water being sold to Stockton; that

- b. The delivery of the 6,500 acre-feet of water to Stockton, and Stockton's right to purchase additional water based upon the future annexation of agricultural lands within the District to Stockton, shall take precedence over Lodi's rights to purchase additional water under paragraph 3.b; and
- c. Lodi's right to receive banked water under paragraph 8 of the 2003 Agreement will be on a parity with the right of Stockton to receive banked water under its Stockton's agreement with Woodbridge, i.e., in the event both Cities want to withdraw more banked water than is available that year, such water will be allocated one-half to each unless they agree on another allocation, as provided in the new subsection c added to paragraph 8.

8. Section 8 is amended as follows:

8. Carry-over of Entitlements. Unused water may not be carried over by the City Iron? year to year except that the right to receive water may be "banked" as follows:

- a. If during the period from May 13, 2003 to October 15, 2010, the City does not take the water which is available to the City under this Agreement or takes less than the amounts which are available, then the City may carry over and have credit for such water not taken during that period, not to exceed a total of, 6,000 acre feet per year or a total of 42,000 acre feet, for later delivery during the remaining term of this Agreement, i.e., until October 15, 2017, at such times as the City requests delivery of the water and the District has extra water available as determined solely by the District. There will be no additional charge for the delivery of such banked water.
- b. if after October 15, 2010, delivery of water to the City is curtailed under paragraph 7.a. by reason of a dry year condition or by District's maintenance or other District activities, then the City may carry over and have credit for the amount of such curtailment for later delivery at such time(s) as the City requests delivery of the water and the District has extra water available as determined solely by the District. Any City credits for curtailed segments of carryover water shall expire at the end of eight (8) years from the end of the period in which the curtailment for that segment of curtailed water occurred, Such credits for delivery of curtailed carryover water within said eight-year period may extend beyond the termination of this Agreement on October 15, 2017. There will be no additional charge for delivery of such banked water.
- c. The determination of whether any such banked water or curtailment water is available for delivery shall be made solely by the District. In the event that both the City and the City of Stockton request such water during the same period(s) that water is available for delivery, the water shall be apportioned between them if necessary in the manner and times that they shall agree upon. In the event they do not agree, such water shall be apportioned between them by the District in the

ratio of 50/50 or one-half to Lodi and one-half to Stockton.; provided that, if such apportionment would result in either party losing any deficiency curtailment water banked to the credit of that party because of non-use within the required eight-year period under Section 8.b., that party shall have a first right to such portion of the available water that will avoid such loss.

d. Except as provided in subparagraph a, no credits shall accrue for water that is available to but is unused by the city.,

9. Section 14 of the 2003 Agreement is amended to read as follows:

14. City Use of District Rights of Way. The District agrees to cooperate with City and to agree to the City's use of any District right of way along the District's Main Canal needed by the City for the conveyance or distribution of water it obtains from the District, provided that such use does not interfere with District's use of its right of way and that District's right of way permits such use by City. The District agrees that City may continue any such use of the right of way established during the term of this Agreement after the term of this Agreement expires.

10. Section 14.a. is added to the 2003 Agreement as follows:

14.a. District Installation of Quality Control Structures on City's Storm Water Discharge Locations. Under the City's October 20, 1993 Storm Drainage Discharge Agreement with the District, City has the right to discharge into District canals, waters collected by the City's storm drainage system (excluding industrial waste and sewage effluent), under the terms and conditions set forth in said Agreement. District shall be entitled at its option to construct or install from time to time at convenient locations on the City's property at or near any of the City's stormwater discharge points into the District's canal system, and to operate and maintain, at the District's cost, filtration/sedimentation structures or other water quality control or improvement devices at said point(s), subject to the City's prior approval the plans and specifications for such installations, which approval shall not be unreasonably withheld. Nothing herein shall alter City's obligations under said Agreement with respect to the quality of the storm waters and storm drainage into the District's Canals, and all provisions thereof shall continue in full force and effect.

11. All terms and provisions of the 2003 Agreement remain in full force and effect, except as they are expressly amended or modified by this First Amendment to Agreement.



IN WITNESS WHEREOF, the parties hereto have executed this instrument on the  
\_\_\_\_\_ day of \_\_\_\_\_, 2007

Attest:

WOODBIDGE IRRIGATION DISTRICT

By \_\_\_\_\_

Attest:

CITY OF LODI, A MUNICIPAL  
CORPORATION

\_\_\_\_\_  
, City Clerk

By \_\_\_\_\_  
, Mayor

APPROVED **AS** TO FORM:

\_\_\_\_\_  
, City Attorney

CITY COUNCIL

JOANNE L. MOUNCE, Mayor  
LARRY D. HANSEN,  
Mayor Pro Tempore  
SUSAN HITCHCOCK  
BOB JOHNSON  
PHIL KATZAKIAN

CITY OF LODI  
PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET  
P.O. BOX 3006  
LODI, CALIFORNIA 95241-1910  
(209) 333-6706  
FAX (209) 333-6710  
EMAIL [pwdept@lodi.gov](mailto:pwdept@lodi.gov)  
<http://www.lodi.gov>

BLAIR KING  
City Manager  
RANDI JOHL  
City Clerk  
O. STEVEN SCHWABAUER  
City Attorney  
RICHARD C. PRIMA, JR.  
Public Works Director

January 11, 2008

Anders Christensen  
Woodbridge Irrigation District  
18777 N. Lower Sacramento Road  
Woodbridge, CA 95258

Dan O'Hanlon  
Kronick, Moscovitz, Tiedeman & Gerard  
400 Capitol Mall, 27<sup>th</sup> Floor  
Sacramento, CA 95814-4416

SUBJECT: Adopt Resolution Approving Amendment to Woodbridge Irrigation District  
Water Purchase Agreement

Enclosed is a copy of background information on an item on the City Council agenda of Wednesday, January 16, 2008. The meeting will be held at 7 p.m. in the City Council Chamber, Carnegie Forum, 305 West Pine Street.

This item is on the regular calendar for Council discussion. You are welcome to attend.

If you wish to write to the City Council, please address your letter to City Council, City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's card (available at the Carnegie Forum immediately prior to the start of the meeting) and give it to the City Clerk. If you have any questions about communicating with the Council, please contact Randi Johl, City Clerk, at (209) 333-6702.

If you have any questions about the item itself, please call me at (209) 333-6759.



for : Richard C. Prima, Jr.  
Public Works Director

RCP/pmf

Enclosure

cc: City Clerk